

Message Text

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ACTION EB-08

INFO OCT-01 EA-07 ISO-00 AGRE-00 CIAE-00 COME-00 DODE-00
DOTE-00 FMC-01 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06
OES-06 TRSE-00 OMB-01 L-03 AID-05 /046 W
-----100435Z 118910 /75-62
R 100243Z FEB 77
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 5864

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E. O. 11652: NA
TAGS: EWWT, RP
SUBJECT: SHIPPING DISCRIMINATION: FLAG PREFERENCE AND CCC-
FINANCED SHIPMENTS

REF: STATE 20669

1. AGATTA AND COMATT CALLED FEBRUARY 8 ON MRS. ALCIA REYES, EXECUTIVE OFFICER FOR INDUSTRIAL PROJECTS IN THE DEVELOPMENT BANK OF THE PHILIPPINES (DBP), TO EXPRESS CONCERN OVER PHILIPPINE SHIPPING PREFERENCES AS EXPRESSED IN PRESIDENTIAL DECREE NO. 895 AND THE CENTRAL BANK CIRCULAR WHICH REQUIRE THE SHIPMENT OF EVEN CCC-FINANCED CARGOES ON PHILIPPINE FLAG VESSELS. WE POINTED OUT THAT COMPLAINTS BY U.S. SHIPPING COMPANIES AND SHIPPERS WERE BEGINNING TO FOCUS NOT ONLY ON THE DISCRIMINATORY PRACTICES BUT ALSO ON THE FACT THAT SOME CARGOES WERE CCC-FINANCED.

2. MRS. REYES UNDERSTOOD THE IMPLICATIONS OF THE COMPLAINTS, AS CCC CREDITS PROVIDED A USEFUL AND PROFITABLE RELENDING OPERATION FOR THE DBP. SHE RECALLED THAT LAST YEAR, AT THE SUGGESTION OF THE AGATT, SHE HAD EXPLORED THE EXEMPTION OF CCC-FINANCED CARGOES FROM THE CENTRAL BANK CIRCULAR. SHE HAD OBTAINED SUCH AN EXEMPTION FROM DIRECTOR LOMOTAN WHICH
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WAS SHORT-LIVED AS IT WAS ALMOST IMMEDIATELY CANCELLED BY A LETTER FROM CENTRAL BANK GOVERNOR LICAROS. MRS. REYES SHED SHE WOULD TRY AGAIN BUT WOULD NEED A SUPPORTING LETTER FROM US.

3. WE BELIEVE MRS. REYES' SUGGESTED APPROACH IS WORTH TRYING, AND WE HAVE DRAFTED THE FOLLOWING LETTER TO BE SIGNED BY THE

AGATT. WE WOULD APPRECIATE THE DEPARTMENT'S COMMENTS AND CONCURRENCE BEFORE PROCEEDING, HOWEVER.

4. QUOTE. I REFER TO OUR PREVIOUS CONVERSATIONS ON PHILIPPINE SHIPPING PREFERENCES AS EXPRESSED IN PRESIDENTIAL DECREE NO. 895 AND THE CENTRAL BANK CIRCULAR WHICH REQUIRE THE SHIPMENT OF EVEN CCC-FINANCED CARGOES ON PHILIPPINE FLAG VESSELS.

PARA WE HAVE RECEIVED COMPLAINTS FROM AMERICAN SHIPPING COMPANIES AND SHIPPERS REGARDING THE DISCRIMINATORY PRACTICES, AND THESE COMPLAINTS ARE NOW BEGINNING TO FOCUS ON THE FACT THAT CARGOES SUCH AS COTTON, TOBACCO AND WHEAT ARE CCC-FINANCED. AS YOU ARE AWARE, THE UNITED STATES GOVERNMENT HAS CONSIDERED CCC-FINANCED CARGOES AS COMMERCIAL CARGOES WHICH ARE NOT SUBJECT TO ANY PREFERENCES AND WHICH CAN BE SHIPPED ON ANY FREE WORLD VESSEL. FURTHERMORE, THE REQUIREMENT FOR PHILIPPINE FLAG VESSELS HAS CAUSED DELAYS IN SHIPPING AND ADDITIONAL COSTS TO PHILIPPINE IMPORTERS. PARA. IN VIEW OF THE ABOVE CIRCUMSTANCES, IT WOULD BE APPRECIATED IF THE DEVELOPMENT BANK OF THE PHILIPPINES WOULD OBTAIN FROM THE CENTRAL BANK A RECOGNITION THAT CCC-FINANCED CARGOES ARE COMMERCIAL CARGOES SUBJECT TO COMPETITIVE SHIPPING. THIS REQUEST IS MADE WITHOUT PREJUDICE TO OUR OVERALL POSITION THAT THE PHILIPPINE FLAG PREFERENCES IN P.D. 895 ARE DISCRIMINATORY. END QUOTE.
SULLIVAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, LAW, DISCRIMINATION, CREDIT, FINANCIAL PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 10-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MANILA02072
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770047-0381
Format: TEL
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770255/aaaabwds.tel
Line Count: 88
Litigation Code IDs:
Litigation Codes:
Litigation History: Hold (001 Tobacco) added on 4/16/2009 3:39:10 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:08 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3e5574c8-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Review Date: 23-Feb-2005 12:00:00 am
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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3355678
Secure: OPEN
Status: NATIVE
Subject: SHIPPING DISCRIMINATION: FLAG PREFERENCE AND CCC- FINANCED SHIPMENTS
TAGS: EWWT, RP
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/3e5574c8-c288-dd11-92da-001cc4696bcc
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